



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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226 Anne Dallas Dudley Blvd., Suite 508
Nashville, Tennessee 37243-0760
Phone: (615) 741-3012
Fax: (615) 532-2443
www.tn.gov/tacir

MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard *Cliff*
Executive Director

DATE: 28 June 2023

SUBJECT: Fiscal Year 2022-23 Accomplishments

The following list of the Commission's major accomplishments for fiscal year 2022-23 will be incorporated into the Commission's biennial report for fiscal years 2022-23 and 2023-24.

Published ten official Commission reports further described below:

- 📖 *Both Businesses and Local Governments Could Benefit from Improvements to Tennessee's Personal Property Tax, December 2022*
- 📖 *State Grants to Local Governments: Improving the Post-Award Phase So Funding May Be More Effectively Utilized, December 2022*
- 📖 *Managing Tennessee's Public Waterways for Recreation: Balancing Access, Safety, and Protection of Natural Resources, December 2022*
- 📖 *Incremental Improvements to Tennessee's Childhood Obesity Problem are Possible, December 2022*
- 📖 *Intergovernmental Challenges and Achievements Biennial Report Fiscal Years 2020-21 and 2021-22, December 2022*
- 📖 *Electric Vehicles and Other Issues Affecting Road and Highway Funding in Tennessee, December 2022*
- 📖 *Savings and Challenges with Reference-Based Pricing in Healthcare, January 2023*
- 📖 *Comprehensive Litter Review: Strengthening and Coordinating Efforts to Reduce Litter and Illegal Dumping, January 2023*

📖 *Tennessee Valley Authority's Payments in Lieu of Taxes: Annual Report to the General Assembly, January 2023*

📖 *Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs, January 2023*

Responded to studies referred by the General Assembly:

- Completed a report on managing Tennessee's public waterways for recreation.
 - The report was prepared in response to Public Chapter 497, Acts of 2021, which directs the Commission to study ten questions addressing the procedural and financial measures necessary to accommodate the evolving recreational use of the state's waterways.
 - The report recommended that the state gather more robust data on the recreational use of water resources across the state and use the data for strategic planning; continue strategic planning with multiple agencies and consider a statewide task force to address water recreation issues; and continue to develop existing and new partnerships to improve access to waterways. Additionally, the report recommended that the General Assembly add motorized and non-motorized boating to the list of subjects of which a Tennessee Fish and Wildlife Commission member should be well informed.
 - A copy of the final report was sent to both Speakers and to the other members of the General Assembly.
- Completed a report on childhood obesity.
 - The report was prepared in response to Public Chapter 503, Acts of 2021, which directs the Commission "to perform a comprehensive evaluation on the socioeconomic impact childhood obesity has in Tennessee and its short and long-term effects."
 - The report recommended that the General Assembly ensure each school district receives at least the same amount of state funds for Coordinated School Health under the Tennessee Investment in Student Achievement public school funding formula than before it; that the administration and General Assembly strongly consider the recommendations of the Chronic Weight Management Task Force; and the adoption of a data-driven and community-level three-step approach to further address childhood obesity in the state. The report also encourages the Tennessee Department of Health to continue trying to increase participation in Tennessee's

Special Supplemental Nutrition Program for Women, Infants, and Children.

- A copy of the final report was sent to both Speakers and to the other members of the General Assembly.
- Completed a report on reference-based pricing in healthcare.
 - The report was prepared in response to Senate Bill 2330 by Senator Hensley and House Bill 2456 by Representative Sparks, introduced in 2022, which directed the Commission to study the effects of reference-based pricing on health insurance prices.
 - There were no report recommendations, but the Commission's study found that reference-based pricing is likely to generate savings for insurers and employers; may generate savings for patients if it is structured to prevent balance billing; and can slow or halt premium increases. It may also motivate higher-priced healthcare providers to lower their costs as has occurred in other states. However, health care providers, and hospitals in particular, are strongly opposed to reference-based pricing and have resisted its implementation in each state that has adopted it.
 - A copy of the final report was sent to both Speakers and to the other members of the General Assembly.

Published four reports requested by the Commission.

- Completed a report on Tennessee's tangible personal property tax.
 - The report was prepared in response to a request by Senator Lundberg that the Commission study the personal property tax in Tennessee to examine the costs to businesses to report and pay the tax; their levels of compliance in tax payment; how much the tax contributed to the overall revenue bases of local governments, as well as the costs to those governments to collect on delinquent taxes; and possible revenue replacement models that could be used if the tax were reduced or eliminated.
 - The Commission identified several alternatives to both make compliance easier for taxpayers, tax preparers, and local governments without reducing local revenue. The report recommended that the General Assembly add one or more tiers at greater dollar amounts so businesses can forego itemizing their property when completing the state personal property assessment form; that county assessors adopt e-filing; that new

business owners receive an email upon registration of their business licenses that outlines all the taxes they might owe; and that the General Assembly update the industry classifications used for the business tax from the SIC system to the NAICS.

- A copy of the final report was sent to both Speakers and to the other members of the General Assembly.
- Completed a report on the post-award grant process.
 - The report was prepared in response to a request from the Commission's chairman, Senator Yager, to review the post-award phase of state grants to local governments and identify any changes warranted to streamline grant processes so that grant funds may be more effectively utilized.
 - The report recommended that, where possible, the state require agencies to use a single, statewide grant management system software to promote a more uniform, user-friendly experience across agencies for grantees; that state agencies accept Title VI training provided by other agencies when the training is comparable; and that state agencies convene grant advisory boards consisting of local government representatives and the entities assisting them with grant projects to solicit feedback for improving grant requirements and processes while prioritizing issues of importance to grantees. The report also recommended that the state consider establishing an interagency working group for sharing lessons learned from agencies' efforts to improve grant requirements and processes to promote the adoption of best practices.
 - A copy of the final report was sent to both Speakers and to the other members of the General Assembly.
- Completed a report on electric vehicles and other issues affecting road and highway funding.
 - The report was prepared in response to concerns raised by Commission members about the effect the growing market for electric vehicles in Tennessee might have on state and local road funding. Members also noted that increased adoption of EVs has brought with it demands from residents to improve the state's EV-charging infrastructure. The Commission directed staff to:
 - study fuel taxes and the current intergovernmental funding structure for road construction and maintenance;

- investigate road maintenance and construction costs, fuel efficiency, and electric vehicles in Tennessee and their effects on that funding; and
 - examine potential alternative means of financing transportation infrastructure to offset lost revenues without discouraging electric vehicle expansion.
 - Additionally, members asked staff to investigate the effect increased EV adoption will have on total electricity consumption and on the Tennessee Valley Authority's payments in lieu of taxes (PILOTs). The report found that vehicle charging will remain a small percentage of total electricity consumption, with only a small effect on TVA PILOTs.
 - The report recommended that the Department of Revenue, or another entity, inform the General Assembly of the effect of inflation on the purchasing power of the state's fuel taxes at least once every two years.
 - It further recommended that
 - the state increase the EV registration fee to better offset the revenue lost from state fuel taxes that those vehicle owners do not pay; share EV registration fees with local governments in the same proportion as the gas tax and apply a reduced EV registration fee to plug-in-hybrid vehicles and share this revenue with local governments in the same proportion as the gas tax; and that
 - as the state confronts the tradeoffs associated with any potential alternatives to its current fuel-tax-based road funding framework, it should balance the ability to raise adequate revenue with equity for all drivers regardless of whether their vehicles are powered by gas, electricity, or some other method; ensure that revenue from any adopted alternatives is shared with local governments in an equivalent manner to the current sharing of fuel taxes; and ensure that any alternatives intended to offset lost revenues are designed to do so without discouraging customers from purchasing electric vehicles.
 - A copy of the final report was sent to both Speakers and to the other members of the General Assembly.
- Completed a comprehensive litter review.
 - The report was prepared in response to direction from the Commission at its June 2021 meeting to conduct a comprehensive study of litter and

illegal dumping in Tennessee to include research on the effects of littering and illegal waste dumping on the environment, economy, and overall quality of life in the state. The Commission clarified that the study would not focus on a bottle deposit or plastic bags because the General Assembly has already considered those issues.

- The report recommends cities that need additional funding to address litter issues apply for special litter grants. Further, a permanent statewide litter task force should gather data and assess the needs of cities across the state and help them connect with funding opportunities.
- The report also recommends that the Tennessee Department of Transportation's Highway Beautification office and Keep Tennessee Beautiful collaborate to create an online toolkit with resources for local governments based on best practices.
- To improve litter laws, the report recommends the state support and facilitate more litter law enforcement training for law enforcement officers, prosecutors, and judges. It also recommends state and local governments consider focused enforcement of tarping laws in problem areas.
- To provide coordinated support on an ongoing basis, the report recommends that the state create a permanent litter task force that includes diverse stakeholders to help implement strategies in communities across the state. It also recommends this group consider developing and implementing a statewide action plan.
- Finally, the report continues to recommend the state implement the other recommendations made in TACIR's 2020 waste tire report.
- A copy of the final report was sent to both Speakers and to the other members of the General Assembly.

Provided three presentations:

- "Tennessee's Childhood Obesity Problem," to the Tennessee Livability Collaborative, September 20, 2022.
- "Personal Property Tax," to the Tennessee Chamber of Commerce, September 21, 2022.
- "Personal Property Tax," to the Tennessee Society of Certified Public Accountants, December 8, 2022.

Responded to requests for information:

- Responded to requests for information and assistance from members of the General Assembly and legislative committees.
- Responded to requests for information and assistance from local government officials, state agencies, lobbyists, the public, and the media.

Administered ten contracts:

- Nine development districts—support the public infrastructure needs inventory.
- Middle Tennessee State University—economic indicators website.

Accomplishments by policy area:

Fiscal and Tax Policy Research:

- Continued to monitor and published a report on the Tennessee Valley Authority's payments in lieu of taxes and the effect of the Electric Generation and Transmission Cooperative Act of 2009 as amended in 2010 (Public Chapter 1035, Acts of 2010).
- Completed the Commission's report to the legislature on the tangible personal property tax. The report responded to a request by Senator Lundberg that the Commission study the personal property tax in Tennessee to examine the costs to businesses, both large and small, to report and pay the tax; their levels of compliance in tax payment; how much the tax contributed to the overall revenue bases of local governments large and small, as well as the costs to those governments to collect on delinquent taxes; and possible revenue replacement models that could be used if the tax were reduced or eliminated.

Education Finance:

- Completed the fiscal year 2023-24 fiscal capacity model.
- Completed a review for the Tennessee State Board of Education of Tennessee Department of Education proposed rules regarding the Tennessee Investment in Student Achievement Act.

Land Use, Transportation, and Growth Policy:

- Continued to monitor implementation of Public Chapter 1101, Acts of 1998, Tennessee's growth policy law.

Infrastructure:

- Continued the annual public infrastructure needs inventory. Collected information from 144 school systems, 95 counties, 346 municipalities, and 250 other entities.
- Completed Commission's annual report to the legislature on Tennessee's public infrastructure needs.

Other Research:

- Completed the Commission's report to the legislature on the post-award grant process. The report responded to a request from the Commission's chairman, Senator Yager, to review the post-award phase of state grants to local governments and to identify any changes warranted to streamline grant processes so that grant funds may be more effectively utilized.
- Completed the Commission's report on managing Tennessee's public waterways for recreation. The report was prepared in response to Public Chapter 497, Acts of 2021, which directs the Commission to study ten questions addressing the procedural and financial measures necessary to accommodate the evolving recreational use of the state's waterways.
- Completed the Commission's report to the legislature on childhood obesity. The report was prepared in response to Public Chapter 503, Acts of 2021, which directs the Commission "to perform a comprehensive evaluation on the socioeconomic impact childhood obesity has in Tennessee and its short and long-term effects."
- Completed a report on reference-based pricing in healthcare. The report was prepared in response to Senate Bill 2330 by Senator Hensley and House Bill 2456 by Representative Sparks, introduced in 2022, which directed the Commission to study the effects of reference-based pricing on health insurance prices.
- Completed a report on electric vehicles and other issues affecting road and highway funding.
- Completed a comprehensive litter review.
- Monitored intergovernmental tax, fiscal, and education legislation.

Using Technology for Public Information:

- Disseminated all reports electronically and maintained detailed focus section about continuing research on TACIR's web page.

- Continued to improve and refine data visualization and interactive analysis tools for infrastructure reporting. [Data Explorer \(tn.gov\)](#)
- Continued to improve the public infrastructure needs inventory application to work with the latest versions of Microsoft supported software and streamlined the process of processing data.
- Continued to improve and refine data visualization and interactive analysis tools for fiscal capacity data and information. [Resources \(tn.gov\)](#)
- Continued to update and enhance the profiles of Tennessee's counties, providing easy public access to detailed demographic, financial, and other information for each. [County Profile Indicators \(tn.gov\)](#)
- Published timely information Tracking Tennessee's Economy in partnership with Middle Tennessee State University.
- Continued a collaboration with Tennessee Customer Focused Government to share and link to TACIR data, resources, and publications on the Transparent Tennessee website (<https://www.tn.gov/content/tn/transparenttn.html>).

TACIR Website Statistics
May 1, 2022 - April 30, 2023

Major Program Areas/Resources	Page Views
Commission Meetings	9,992
Publications	6,261
Infrastructure	4,300
Annexation in Tennessee	7,612
Growth Policy	2,315
County Profiles	1,831
Fiscal Federalism	4,862
Fiscal Capacity	1,177
TVA PILOTS	1,286
Economy	1,037
County Growth Plans	1,310
Other	20,589
Total Page Views	62,572

Files	Downloads
Docket Book Material	3,688
Reports and Insights	2,521
Other	2,587
Total Downloads	8,796